

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 EA-10 ISO-00 AID-05 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

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R 220716Z AUG 77

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 1157

AMCONSUL MELBOURNE

AMEMBASSY PARIS

AMCONSUL SYDNEY

AMEMBASSY TOKYO

AMEMBASSY WELLINGTON

AMCONSUL BRISBANE

AMCONSUL PERTH

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USOECD

E.O. 11652: N/A

TAGS: EGEN, ELAB, EALR, AS

SUBJECT: AUSTRALIAN DECISION ON WAGE INDEXATION FOR JUNE
QUARTER CPI INCREASE

1. CONCILIATION AND ARBITRATION COMMISSION ON AUGUST 22 HANDED
DOWN DECISION COVERING INDEXATION OF WAGES TO COMPENSATE FOR
JUNE QUARTER CPI INCREASE. COMMISSION AWARDED FLAT TWO PERCENT
INCREASE IN ALL AWARD AND MINIMUM WAGE RATES EFFECTIVE FIRST
PAY PERIOD AFTER TODAY.

2. THIS REPRESENTS DISCOUNTED INDEXATION TO REMOVE ESTIMATED
PORTION OF JUNE QUARTER CPI INCREASE TRACEABLE TO NOVEMBER
1976 DOLS A DEVALUATION. COMMISSION ACCEPTED AUSTRALIAN
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STATISTICIAN'S ESTIMATE OF .4 OF ONE PERCENT OF CPI INCREASE
ATTRIBUTABLE TO DEVALUATION.

3. IN REACHING THIS DECISION COMMISSION IN EFFECT ACCEPTED
ONCE AGAIN GOA URGING THAT FULL CPI BE DISCOUNTED IN
INDEXATION AND CONTINUES ITS PRACTICE OF PARTIAL INDEXATION
FOLLOWED IN MOST QUARTERS DURING PAST TWO YEARS. BY

CONTRAST COMMISSION DEPARTED FROM RECENT PRACTICE OF "PLATEAU" INDEXATION (UNDER WHICH LOWER WAGE RATES ARE INCREASED MORE THAN UPPER WAGE RATES) BY AWARDING FLAT ACROSS-THE-BOARD PERCENTAGE AT ALL WAGE LEVELS AS URGED BY UNION ADVOCATES.

4. EMBASSY COMMENT: THE COMMISSION AWARD WAS APPROXIMATELY WHAT MOST OBSERVERS HAD EXPECTED AND CONTINUES THE RECENT POLICY OF MARGINAL REDUCTION IN REAL WAGES BY PARTIAL INDEXATION. AT THE SAME TIME THE TONE OF THE COMMISSION'S DECISION SUGGESTED THAT THE COMMISSION, WHILE ACCOMMODATING THIS QUARTER THE GOA'S PRESSURE FOR CONTINUING REDUCTION IN REAL WAGES, FOUND QUESTIONABLE IN THE LIGHT OF EXPERIENCE WHETHER PROCESS OF REDUCING REAL WAGES WAS MAKING MAJOR CONTRIBUTION TO RECOVERY OR WHETHER RECOVERY WOULD HAVE BEEN GREATER IF SMALLER INCREASES HAD BEEN GRANTED DURING THE PAST YEAR. THIS ASPECT OF THE COMMISSION'S DECISION STRONGLY SUGGESTS THAT THE COMMISSION WILL IN FUTURE QUARTERS BE MUCH MORE DIFFICULT TO CONVINCE OF THE NEED FOR PARTIAL OR PLATEAU INDEXATION. ALSTON

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Copy: SINGLE
Sent Date: 22-Aug-1977 12:00:00 am
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Disposition Approved on Date:
Disposition Case Number: n/a
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